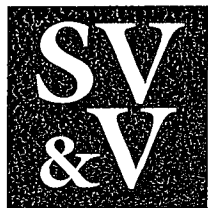


VILLAGE OF ARDENTOWN
AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS
FOR THE YEAR ENDED JUNE 30, 2009



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Ardentown
2206 Millers Road
Ardentown, Delaware

We have performed the procedures enumerated below, which were agreed to by the Village of Ardentown, State of Delaware's Office of Auditor of Accounts, Department of Safety and Homeland Security, and the Office of the State Treasurer, solely to assist the specified parties with respect to determining the Village's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2009. The Village of Ardentown's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

1. Complete the State of Delaware Office of Auditor of Accounts municipal grants agreed-upon procedures program to determine the Village of Ardentown's compliance with applicable laws, regulations and financial reports related to municipal grant funds received for the year ended June 30, 2009 and detail any instances of noncompliance.

The Village of Ardentown received municipal grant funds under the following programs for the year ended June 30, 2009:

Municipal Street Aid

FINDING NO. 09-1 - Internal Control Weakness

Criteria

The State of Delaware *Budget and Accounting Manual* Chapter II requires that the responsibility for a transaction or activity be divided among different parties so that no one employee has complete control over the processing of transactions. Segregation of duties reduces the risk that one person could perpetrate and/or conceal errors in the normal course of his/her duties. While ideal separation of duties is not always possible, an organization should strive to separate key functions and provide for increased oversight for the processing of transactions.

Condition

The Village of Ardentown's Treasurer controls all the cash functions for the municipal street aid funds.

Cause

The Village of Ardentown lacks the personnel necessary to provide an ideal separation of duties.

Effect

The Village of Ardentown's failure to properly segregate duties increases the risk that one person could perpetrate and/or conceal errors in the normal course of his/her duties.

Recommendation

The Village of Ardentown should have the bank reconciliation performed by a third party to ensure segregation of duties.

Auditee Response

In the future, the bank reconciliation will be performed by the town chair.

2. Address the status of any findings and recommendations disclosed in previous reports.

FINDING NO. 06-1 During completion of the Village of Ardentown's program checklist for the municipal street aid grant, it was noted that their cash internal control structure over municipal street aid had limited segregation of duties. The Village Treasurer controls all the cash functions for the Village, which is a reportable internal control weakness that does not properly maintain and safeguard municipal street aid funds. Segregation of duties reduces the risk that one person could perpetrate and/or conceal errors in the normal course of his/her duties.

CURRENT YEAR STATUS See finding 09-1.

FINDING NO. 06-2 During completion of the Village of Ardentown's program checklist for the municipal street aid grant, it was noted that the Village paid two invoices more than 30 days after receipt of the invoice, which is not in compliance with the State's regulations over disbursements [29 Del. C. §6516(d)]. No additional charges were incurred by the Village due to the late payments. The delinquent payment of invoices could expose the Village to unnecessary late payment charges.

CURRENT YEAR STATUS All invoices were paid timely.

FINDING NO. 06-3 During completion of the Village of Ardentown's program checklist for the municipal street aid grant, the Village was unable to locate the deposit slip for the municipal street aid grant deposit, so we were not able to determine whether funds were deposited timely into the bank account. Failure to maintain proper documentation for grant transactions could result in the loss of funding.

CURRENT YEAR STATUS Municipal street aid funds were deposited timely.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Village of Ardentown's management and council members, the State of Delaware's Office of Auditor of Accounts, Department of Safety and Homeland Security, and the Office of the State Treasurer and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Wilmington, Delaware
December 29 , 2009